SHRI V. NARAYANASAMY: Sir, I am asking about the Indian banks.. (*Interruptions*)... Sir, it says, "..... LIC or GIC or any other bank." which means it applies to the Indian banks also... (*Interruptions*)...

श्री दलबीर सिंह: सर, इंडियन बैंक की अगर माननीय सदस्य को जानकारी है...

MR. CHAIRMAN: He is asking about loans to be given under the Group Housing Scheme... (*Interruptions*)...

श्री दलबीर सिंह: सर पर्टिक्युलर नहीं जानते पर....

श्री सभापति: पता लगाइये और बता दीजिये।

श्री दलबीर सिंह: इसको मैं बाद में दे दूंगा।

India's opening up of select service Sectors to foreign countries

*267. SHRI KAMAL MORARKA: Will the Minister of COMMRCE be pleased to state:

(a) whether it is a fact that India is opening up select service sectors to foreign countries for securing access in labour intensive services at the Uruguay round of GATT talks;

(b) if so, the areas wherein India is willing to allow foreign entry; and

(c) details of conditions, if any, proposed by India?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI P. CHIDAMBARAM): (a) to (c) A statement is laid on the Table of the House.

Statement

The multilateral framework on trade in services being negotiated in the Uruguay Round envisages an exchange of market access concenssions among participating countries.

India has requested access from all participans in the negotiations in professional services relating to installation of computer hardware etc; business services, investigation and security services, health-related and social services, tourism, travel and leisure services, education services, and transport services by railways. The main impediment that India encounters in market access in these sectors is restriction on movement of natural persons. Therefore, India has sought relaxation of these restrictions with a view to enabling Indian service operators to move in certain categories of skilled personnel for temporary residence of 3B—5years.

The sectors in which India has made an offer are engineering services, computer-related services, research and development services, technical testing and analysis services, value-added telecommunication services, construction of roads and bridges, hospital services, hotels and other lodging services, motion picture and video distribution services travel agency and tour operator services and international freight transportation by air.

As far as the financial services sector is concerned, an offer has been made in respect of marine freight insurance and reinsurance. These areas of insurance are already open to foreign service providers and the intention is to commit ourselves to continued access at existing levels. It is also proposed to provide market access to providers of services auxiliary to insurance operations i.e. brokerage risk management, survey and loss adjustment.

This Indian offer is initial and conditional. It is conditional, first, upon the outcome of the current negotiations on the General Agreement on Trade in services. The second main

condition is the adequacy of response from other participants on the requests made by India for market access, particularly in respect of movement of personnel. Thirdly, the access offered is subject to the applicable Indian laws, regulations and guidelines at the Central, State and local Government levels. Fourthly, for commercial presence of the foreign service providers, except in the case of motion pictures or video tape distribution services, services auxiliary to inusrance and international air freight transportation (in which only representative offices will be permitted) a corporate base in India is compulsory with a minimum domestic equity of 49 per cent. Fifthly in those sectors, where the point venture partner is a public sector enterprise or a Government undertaking, preference will be given to foreign service suppliers/entities which offer the best terms for transfer of technology. Finally, although no restrictions are sought to be placed upon the movement of personnel, the normal visa and security regulations shall continue to be applicable.

SHRI KAMAL MORARKA: Sir, from the reply of the honourable Minister I see that we have offered to the Western world a wide gamut of activities in the services sector As the Minister knows, Sir, during the last two Plan periods, that is, the Sixth and the Seventh Plan periods, 40 per cent of the GDP consisted of the services sector in India as against only 15 per cent when the planning process began. Unfortunately. the employment has not shifted from the agricultural sector to the services sector in the same proportion. So, our main problem in India is that while the services sector is developing, it is yet to realise its employment potential. Does not the Government think that when foreign involvement is there or foreign companies are allowed to come into the services sector, considering the magnitude that the Government has contemplated or offered to the West, the employment potential of the local people in the service sector wil be deleteriously affected? Connected with that is my second question. Sir, as we all know, in international negotiations, this is only the starting point for them, that is. what we have offered. They are definitely going to ask for more while what we have asked for from them is again the upper limit. Unfortunately, I would like to say, you have not asked for access to areas where we can really send our labour or personnel. You have asked for only skilled personnel in very very limited areas while in the areas that you are going to allow they will come comparatively in non-priority areas like travel, tour services, international freight transportation by air, etc. These are the areas where, we all know, there are international companies which are much smaller in size but bigger then all the companies operating here and even one of those companies coming here will probably mean finishing off of a large number of our services enterpreneurs. What is the Government thinking in this regard?

SHRI P. CHIDAMBARAM: Sir, we have taken into consideration all the aspects mentioned by the honourable Member. The offerss that we have made in services have been drawn up after considering our competitive strengths and advantages and we are satisfied that if foreign services provides enter the Indian market in these sectors, it will enhance. not diminish, the employment opportunities for Indians. The first and simple reason in support of my anwer is that it will be more advantageous for the foreign services provider to employ Indians in India because wage levels are fra less in India than what they would have to pay for if a foreign services provider brings his nationals to India. In return, Sir, in the areas where we have asked for access, we have asked for movement of natural persons, and the areas have been correctly selected after very detailed

examination. And we are satisfied that in the areas where we seek access, a large number of Indian natural persons will be able to go abroad and provide services in those countries.

SHRI KAMAL MORARKA: Sir, as we all know, in this Uruguay round of talks, there has been a talk of linking up the services agreement with the rest of the Uruguay round. From this answer, I am not clear though in the conditionalities the Minister has said that the Indian offer is initial and conditional, it is conditional first upon the outcome of the current negotiations on the General Agreement on Trade in Services What I want to know, is if there is no general agreement, if we are not able to arrive at an agreement on other aspects of the GATT and Uruguay round, will our offer of services stand or we will stand to lose in the sense that what we commit in services, we will be bound by, while on the other aspects, we will not be able to get a favourable response?

SHRI P. CHIDAMBARAM: Sir, when the Punta del Este Declaration was made in September, 1986, all other items were put in part one, and services were put in part 2. And for implementation of part 2, it was agreed that the institutional mechanism will be discussed and decided at the end of the Uruguay round. Sir, our offer list and our request list of services is conditional. I repeat that it is conditional upon the outcome of the current negotiations on the General Agreement on Trade. If the outcome of talks on goods and other sectors is not satisfactory, we are not bound by our conditional and initial offer list.

SHRI VISHVJIT P. SINGH: Mr. Chairman, Sir, I want to seek certain clarifications from the Minister because I am a littele confused about this. Mr. Morarka has mentioned the fact of our service sector ... the fact that if we open it up, we will be opening it up in areas where employment will not be generated. I like to know one thing from the hon. Minister because I am given to understand—and this is my understanding so far—that the Indian service sector has probably the highest employment potential of all service sectors in the world. Am I right in this assumption or am I wrong? I want the Minister to give a clarification.

SHRI P. CHIDAMBARAM: Sir, I am not sure about the thrust of the question. But what the hon. Member is asking is: Is the Indian service sector labour—intensive or capital intensive? The Indian service sector today is labour—intensive and, therefore, if a foreign service provider is allowed to come to India to provide that service in India, it will enhance and not diminish the opportunities for employment of Indians in India.

SHRI VIREN J. SHAH: Sir, in this context, could we also have some data or information about other countries which may be related to us and provide some guidelines? Particularly. Sir, I would like to refer to China. Sir, for the last more than 7 or 8 years, China—and the Chinese Prime Minister is coming here very shortly has already opened up in the construction of roads and bridges, hospital services, hotel and lodging services, travel agencies and tour operator systems. I would like to know whether they have had any conditionality of any kind, and if so, how the other countries have resopond to those conditionalities. And do we have any data to show whether it has helped there in increasing the employment potential and the actual employment in that country, from which we can also have a guideline that this will happen here?

SHRI P. CHIDAMBARAM: Sir. China is not a member of GATT. China has, therefore, not made an offer list or offered a request list to GATT. If bilaterally China has entered into any agreement with any other country, I will try to find out and furnish that information to the hon. Member.

SHRI N. E. BALARAM: Sir, now we have decided to open up our service sector in a big way. I am not in agreement with that. But now, when the GATT conference is coming nearer and nearer, large sections of people, specially scientists in this country, are very much worried about the position taken by the Government of India. Some of the Ministers are making some serious policy statements outside this Parliament.

For instance, the Commerce Minister while speaking, in one or two places has given an indication that he is prepared to go back to the position taken by the Government of India on the question of intelectual Property Rights vis-a-vis GATT discussion. It has created wide resentment among a large number of people including Members of Parliament. I would like to know whether the Government is going to reconsider the position they have taken so far on the question of Intelectual Property Rights because pressure is coming to such an extent that when the Trade Representative of USA came here she was advising the Parliament Members of India....

MR. CHAIRMAN: You put your question.

SHRI N. E. BALARAM: My point is, she was pressurising the Members of Parliament telling them that she is recommending to the people of India including the Members of Parliament for the benefit of our country. That is the pressure mounting. So, they are advising even us. What is the attitude of the Commerce Minister and the Government on the question of Intelertual Property Rights? Are they going to make any changes in the policy which we have been pursuing so far?

SHRI P. CHIDAMBARAM: Sir, I respectfully submit that this question deals with services. On TRIPS, I think I am entitled to a separate notice.

SHRI N. E. BALARAM: Sir, I am asking about the Commerce Minister's speech. You have made a speech.

SHRI MENTAY PADMANABHAM: Are you standing by it or releting? The Commerce Minister made a speech giving diametrically opposite view.

MR. CHAIRMAN: The Finance Minister's speech does not become a part of this question.

SHRI MENTAY PADMANABHAM: He made the speech as a Commerce Minister.

MR. CHAIRMAN: You can ask a supplementary which arises out of the main question; no more. What you said does not arise out of the main question. It is not relevant to the main question.

श्री अजीत जोगी : माननवर, वर्तमान शासन ने सेवा सेक्टर को जो खुलापन दिया है और जो कदम उठाये हैं वे साहसिक कदम हैं। उस परिवेश में मैं माननीय मंत्री जी से जानना चाहता हूं कि जिन सेवाओं का विवरण विस्तार से उनके उत्तर के तीसरे पैराग्राफ में दिया गया है क्या वे मानते हैं कि केवल इन सेवाओं तक ही हमको अपनी सर्विसेज आफर करनी चाहिए और इसके दायरे को बढ़ाना नहीं चाहिए क्योंकि दूसरे देशों में जो सेवाओं के खुलेपन का रुख अपनाया गया है क्या हमारे केन्द्र शासन की ओर से भी इन सेवाओं के दायरे को बढ़ाने के लिए दूसरी सेवाओं को इसमें शामिल करने के लिए विचार किया जाएगा।

"ब", मैं यह भी जानना चाहता हूं कि यह जो आफर हमारी तरफ से दिया गया है उस पर अभी तक दूसरे देशों की क्या प्रतिक्रिया हुई है? क्या अभी तक हमारे पास उनकी तरफ से कोई ऐसी पहल आई है जिससे कोई ऐसा परिणाम मिला हो जो उत्साह वर्धक हो।

तीसरा..

श्री सभापति : तीसरा नहीं।

श्री अजीत जोगी : "स', मैं यह भी जानना चाहता हूं..

श्री सभापति : एक मिनट चला गया है।

श्री अजीत जोगी : केवल एक बात और। अंतिम पैराग्राफ में इन्होंने कुछ शर्तें बतलायी हैं।

श्री सभापति : एक सप्लीमेंट्री इन्टाइटिल्ड है, तीन नहीं।

श्री अजीत जोगी: अ, ब, स तीन हिस्सों में पूछ रहा हूं।

क्या इन शर्तों के विषय में विदेशों की तरफ से कोई आपत्ति आई है और कहा गया है कि इन शर्तों को और बढ़ाया जाए, यदि हां तो इनका विवरण दें।

SHRI P. CHIDAMBARAM: Sir, as I said, our list is an initial and conditional offer and request list. Our list can be expanded, our list may be restricted, depending upon the response we get from other countries, and depending upon offer lists which other countries give us. There are 108 countries in GATT. Depending upon how the final basket takes shape, our offer list will be modified, our request list also will be modified. But generally speaking, Sir, I can say that our list has been well received and negotiations on services are proceeding smoothly.

राज्यों द्वारा भारतीय रिजर्व बैंक से लिए गए ओवरड्राफ्ट

*268. **श्री शारदा महन्ती** :†
श्री चिमनभाई मेहता :

क्या **वित्त** मंत्री यह बताने की कृपा करेंगे कि

(क) 15 नवम्बर, 1991 तक विभिन्न राज्य सरकारों ने भारतीय रिजर्व बैंक से कितना-कितना ओवरड्राफ्ट लिया था ; और

(ख) क्या इस संबंध में कोई सीमा है कि कोई राज्य कितना ओवर ड्राफ्ट ले सकता है?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SHANTARAM POTDUKHE): (a) Amount of overdraft drawn by any State is indicated by the Reserve Bank of India as on a particular date. Two States were in overdraft on the 15th November, 1991 as indicated below:

	(Rs. Lakhs)
(i) Madhya Pradesh	916.59
(ii) Manipur	34.90

(b) There is no limit regarding amount of overdraft to be drawn by any State in their accounts with the Reserve Bank of India. However, Overdraft Regulation Scheme prescribes a limit of seven consecutive working days of the overdraft beyond which day their payments are liable to be suspended.

SHRI SARADA MOHANTY: There is no limit for overdraft. I want to know whether the Government are going to fix any limit so that the States will not draw more money

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): Sir, there is a limit to ways and means advances which a State can take from the Reserve Bank of India. This limit has been revised several times. Last time it was revised in 1988. Anything over and above that is an overdraft and if a State is under overdraft for seven days together, then what is agreed to in the overdraft scheme becomes operative. So, there is a limit to the ways and means advances which each State gets from the Reserve Bank of India.

SHRI SARADA MOHANTY: Sir, I want to know as to which State has

† सभा में यह प्रश्न श्री शारदा महन्ती द्वारा पूछा गया।